

Congress of the United States
Washington, DC 20515

May 19, 2020

Governor Ron DeSantis
The Capitol
400 South Monroe Street
Tallahassee, FL 32399-0001

Ashley Moody
Attorney General
PL-01 The Capitol
Tallahassee, FL 32399-1050

Jimmy Patronis
Chief Financial Officer
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, FL 32399-0301

Dear Governor DeSantis, Attorney General Moody, and Chief Financial Officer Patronis:

We write to you in your capacities as members of the Board of Trustees governing the Florida State Board of Administration (SBA) to bring to your attention a matter of national security and investor protection. As you are aware, the Florida Retirement System (FRS) is the fourth largest public retirement system in the country with more than \$200 billion in assets under management as of February 29, 2020 across over 30 funds.¹ Unfortunately, like many public systems, FRS maintains investments in problematic Chinese enterprises, including firms owned and controlled by the Chinese Government and the Chinese Communist Party (CCP) that actively participate in human rights abuse and support the People's Liberation Army (PLA).

Florida's hardworking civil servants may not suspect that their publicly administered or managed retirement account invests in firms owned or controlled by the Government of China or the CCP. The reality is, however, that the FRS holds investments in a variety of such companies. One such example is Hangzhou Hikvision Digital Technology Co., Ltd., a manufacturer of surveillance equipment used by the CCP to suppress religious and national minorities in Xinjiang and Tibet. Another, China Unicom Hong Kong Ltd., is a subsidiary of state-owned telecommunications operator China United Network Communications (China Unicom), which contracts with the PLA.²

It is of great concern to us that Florida public employees are often unwittingly investing in funds that hold stock of Chinese companies with direct affiliation to the CCP and the PLA, and we anticipate that it will be to all Floridians. Increased scrutiny for Chinese securities falls right in line with SBA's current management of the FRS. The FRS currently has a number of legally required and laudable global governance mandates, including prohibitions on investing in

¹https://www.sbafla.com/fsb/Portals/FSB/Content/Performance/Trustees/2020/20200228_Trustees_Performance_Report.pdf?ver=2020-04-29-124149-477

²https://www.sbafla.com/fsb/Portals/FSB/Content/GlobalGovernanceMandates/QuarterlyReports/2019/2019-12-31_Quarterly_Asset_List.pdf?ver=2020-02-18-142554-463

companies that do business with Cuba, support the Maduro regime in Venezuela, or boycott our ally Israel.³

In addition to national security and human rights challenges, Chinese companies do not maintain reliable standards of financial transparency and investor protections. Even Chinese firms that have securities listed on American stock exchanges openly flaunt U.S. auditing oversight at great risk to American investors.⁴ April's scandal involving NASDAQ listed Luckin Coffee is only the latest incident to highlight this state of affairs.⁵ Recently, the Trump Administration cited these risks in its order for the federal employees fund to abandon a move to invest in Chinese securities.⁶

It is our hope that the Board of Trustees and the SBA will revisit the policy for FRS China investments for the interests and protection of Florida's public servants.

Sincerely,



Michael Waltz
Member of Congress



Marco Rubio
U.S. Senator

³https://www.sbafla.com/fsb/Portals/FSB/Content/GlobalGovernanceMandates/QuarterlyReports/Global_Governance_Mandates_and_Florida%20Statutes_2019_01_29.pdf?ver=2019-01-29-130006-790

⁴ <https://pcaobus.org/International/Pages/China-Related-Access-Challenges.aspx>

⁵ <https://www.nytimes.com/2020/04/30/business/luckin-coffee-china-fraud-wall-street.html>

⁶ <https://www.foxbusiness.com/markets/trump-orders-federal-retirement-money-invested-in-chinese-equities-to-be-pulled>